

Election Involvement by Section 501(c)(3) Organizations, Including Churches



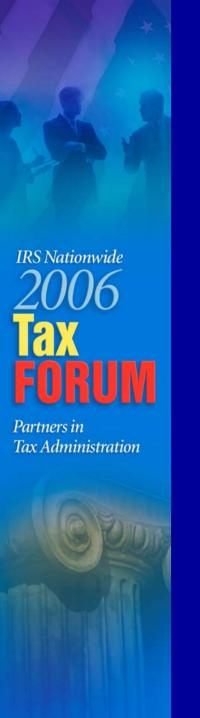
In This Session

- Background and description of prohibition against political campaign intervention by 501(c)(3) exempt organizations
- Scenarios illustrating political campaign intervention
- IRS initiatives past, present and future



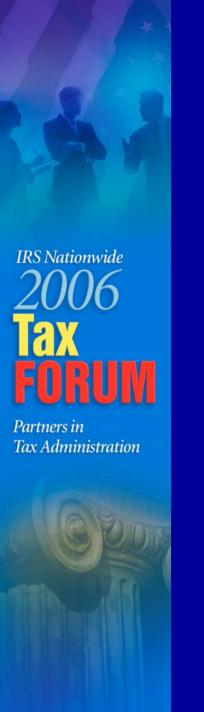
The Political Campaign Activities Prohibition

- Law since 1954 strengthened in 1987
- Applies to 501(c)(3) organizations,
 but not other exempt organizations
- Does not apply to lobbying
- Not a "freedom of speech or religion" issue



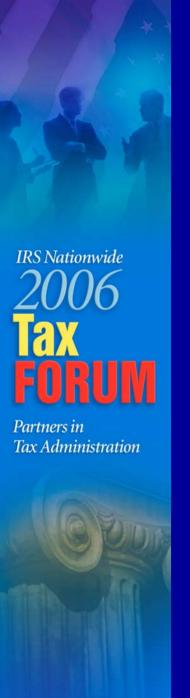
What is Political Campaign Intervention?

- No "bright line" test in the Code
- IRS interprets laws, regulations, and court cases
- IRS examiners apply "facts and circumstances" tests
- Prohibition covers <u>more</u> than just express endorsements or contributions of money



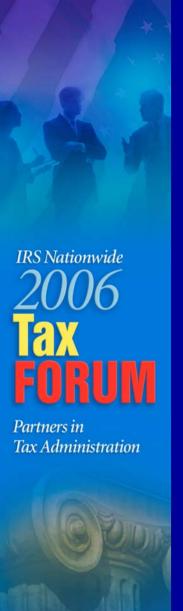
Voter Education, Voter Registration, Get-Out-the-Vote Drives

- May be legitimate exempt activity
- Must be conducted in nonpartisan manner
- Bias for or against a candidate indicates political intervention
- Bias need not be "express"



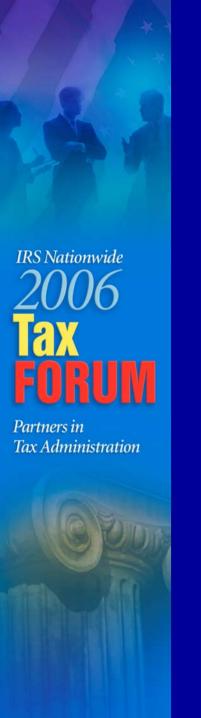
Activity by Organization's Leaders

- Prohibition does <u>not</u> restrict free expression by an individual
- Leaders cannot make partisan comments in official publications or at official functions
- Outside the organization, leaders should clearly indicate that comments are personal



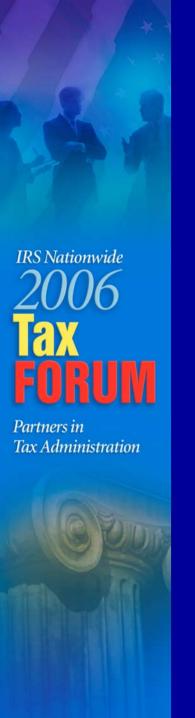
Appearances or Speeches by Candidates

- Candidates may attend public events with or without an invitation
- Candidate speeches
 - -Equal opportunity to all
 - No support or opposition by organization
 - –No political fundraising



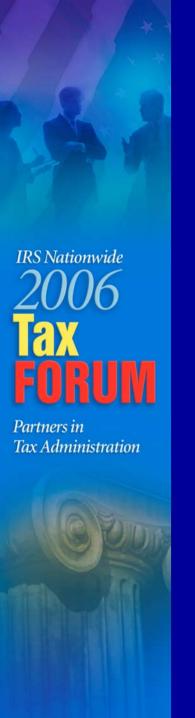
Acceptable Appearances in a "Non-candidate" Capacity

- Speaking as an expert or celebrity
- No mention of candidacy or election
- No campaign activity
- Organization must maintain nonpartisan atmosphere



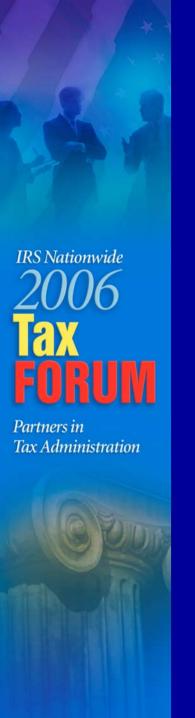
Issue Advocacy vs. Political Intervention

- 501(c)(3) organizations may take positions on public policy issues
- Public policy position statements must not favor or oppose a candidate
- Policy statements not mentioning candidate by name <u>may still</u> violate prohibition



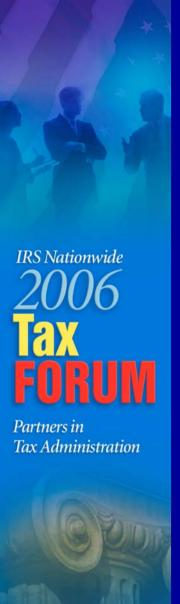
IRS's Political Activities Compliance Initiative 2004

- In response to increased allegations of political intervention
- Left unaddressed, improper use of organizations erodes public confidence and trust
- Investigating political intervention allegations presents varied and unique challenges



IRS's Political Activities Compliance Initiative 2004

- "Fast track" evaluation process; reviewed 166 new referrals
- 132 organizations selected for examination
- Fewer than half were churches
- 75% of organizations examined engaged in political intervention
- Revised initiative will continue



For More Information

- Fact Sheet 2006-17
 - —Go to www.irs.gov
 - -Click on "Newsroom"
 - -Click on "Fact Sheets"
- Political Activity Compliance Initiative Report
 - –Go to www.irs.gov/charities